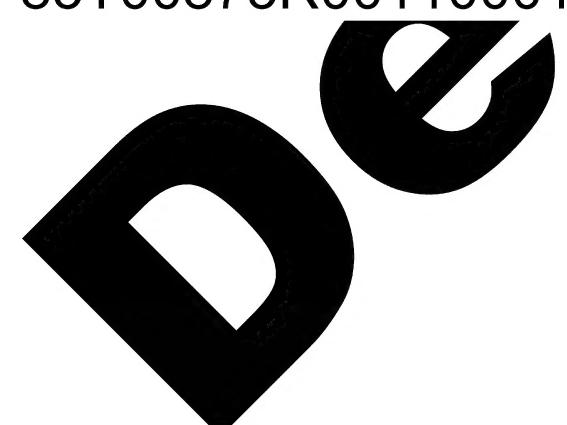
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DIRECTORATE OF INTELLIGENCE

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Developments in Indochina

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State Dept. review completed



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The North Vietnamese have continued construction on the Khe Sanh airfield in nor ern South Vietnam and may now be ready to fly transports into the field. There are fresh details on the divisions within the An Quang Buddhists who still face serious internal problems stemming from personalic conflicts, competing regional interests, a policy differences.	o e e ity
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CAMBODIA

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Military Situation

The Lon Nol government, already afflicted with serious economic and political problems, faces the prospect of increased military pressure. The Khmer insurgents now have virtually isolated Phnom Penh by closing off all major land and water access routes to the city. They may soon carry the war closer to the capital itself.

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Although the government should have the ability to withstand any significant assaults around Phnom Penh, its capabilities for detecting and preventing sapper raids, sabotage, and terrorism inside the city are poor. Given the government's other current problems in the political and economic spheres, such actions could have a telling effect on the already shaky morale of the army and on the regime's fragile stability.

* * *

Any dramatic upsurge in insurgent military activity in the vicinity of Phnom Penh is sure to be complemented by a strident Communist propaganda campaign against the Lon Nol government and the US. The chief spokesman in such a campaign undoubtedly will be Prince Sihanouk. After disappearing from sight for nearly two months, Sihanouk resurfaced in

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Hanoi on 6 April, allegedly after having visited the "liberated zone" of Cambodia. In view of the insurgents' present favorable military position and the unsettled political situation in Phnom Penh Sihanouk is likely to reaffirm his opposition to negotiations with the "Lon Nol clique" and to reiterate that the war will continue as long as Washington refuses to talk or negotiate directly with his "government."

The government is demonstrably concerned over the insurgent threat to Phnom Penh. On 4 April the state of emergency, in effect since 17 March, was upgraded to a "state of siege." Under the new measure, members or "hirelings" of the former royal family, strike leaders, and journalists are subject to military trial. In addition, a death penalty has been set for "acts of banditry and indiscipline" by government troops. Attacks by "North Victnamese forces and Communist guerrillas" in the vicinity of Phnom Penh are among the reasons cited for justification of the new order.

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Political Situation

Lon Nol, meanwhile, may be making some effort to broaden the base of his government via a cabinet reorganization. He has already obtained the resignation of the finance minister, and the ministers of labor and information are also reported to be on their way out. More importantly, the President's brother, Brigadier General Lon Non, has resigned from his government post in an apparent bid to ease political tensions generated by his recent machinations against the government's civilian critics. His resignation, however, will not be formally approved until other changes in the cabinet are completed.

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The ubiquitous Lon Non's "resignation" from the cabinet will not diminish his influence and power.

Some key military officers are worried about Lon Non's intentions toward them and are also growing increasingly unhappy over Lon Nol's lackluster leadership.

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This spreading malaise within the military establishment seems certain to work its way through the army, which is showing signs of an increasing reluctance to fight. There are a number of reasons for this reluctance. But perhaps the most disturbing one was advanced last week by the minister of defense, who told US Embassy officials that many Cambodian soldiers no longer know for whom or for what they are fighting.

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Rice Problems Loom

A strong surge in rice buying during recent weeks may lead to another critical rice shortage in the next few months. Although food supplies in Phnom Penh are still adequate, distribution is running at record levels, and rice stored in the city will last only a month and a half at the present high consumption rate. Despite government announcements to the contrary, rice is being hoarded in expectation of price increases and out of fear of political and social unrest and future supply problems. Some rice reportedly is also flowing to Khmer insurgent markets, where prices are considerably higher than the low official price in Phnom Penh. The government is likely to be slow

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in reacting to limit distribution to normal levels. Consumer rationing would be ineffective and lead to black marketeering. The government is not in a position politically to announce a raise in prices.

The continued interdiction of transportation routes to the capital has aggravated the rice supply situation. Deliveries of rice from Battambang were substantially below expected levels even before Route 5 was completely closed on 4 April. The flow of imported Thai and US rice also has been halted with the interdiction of both the Mekong River and Route 4 from Kompong Som.

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SOUTH VIETNAM	
DRV Ready to Fly into Khe Sanh	
The North Vietnamese have continued their construction of the Khe Sanh airfield in northern South Vietnam, and they may now be ready to fly transports into the airfield.	
Aerial photography indicates that about 2,800 feet of the main runway is usable. In addition, the North Vietnamese are reconstructing an abandoned parallel runway. Approximately 4,200 feet of this runway can be used. Light transport aircraft such as the LI-2 and the AN-2 could operate from these runways, but it would be difficult for jet fighters to do so. The North Vietnamese also have elaborate air defenses including several operational SA-2 surface-to-air missile sites in the area.	25X1
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Buddhist Divisions	
The An Ouang Buddhist leadership still faces	
serious internal problems stemming from personality conflicts, competing regional interests, and policy differences. Last week dissension surfaced when an organization of Buddhist legislators voted to expel Senator Tran Quang Thuan. One of the legislators told	
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the US Embassy that Thuan was not the only problem and that divisive tendencies may cause the organization to dissolve.	
Although Thuan claims he is still in the good graces of the An Quang Buddhist movement, he is apparently in trouble with some prominent Buddhists because of his willingless to cooperate with the govern-	25X
ment.	

Buddhists and make it difficult for Tri Quang to impose his policy of silence.

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LAOS

Why the Communists Procrastinate

The Lao Communists appear in no great hurry to join a new coalition government in Vientiane. Their latest tactic has been to link agreement on political issues to a set of military proposals which are unacceptable to the Lao Government. These include a formal demarcation of zones of control, a prohibition on the integration of irregulars into the Lao Army, and the abandonment of government inclaves such as Bouam Long. While these provisions almost certainly represent the Communist initial bargaining positions and will be modified in further negotiations, they do ensure a lengthier process of reaching final agreement.

Several factors are probably ripping the scales toward delay. By not forming a new government, the Pathet Lao and their menvors in Hanoi set back the deadline for the withdrawal of North Vietnamese troops and have given themselves more time to assess the durability of the Vietnam accord. The Lao Communist leaders may also believe that Souvanna will eventually grant additional concessions to get a coalition government organized.

Government leaders in Vientiane over the past few days have been peddling stories of a split in the Lao Communist leadership to explain Pathet Lao procrastination. No evidence has been presented to substantiate these rumors, however, and it appears hardly credible that the senior Communist leaders have had a sudden falling out after nearly 25 years of close harmony.

Whatever the cause of the delay, the Lao Communists probably see few reasons to move quickly to complete the peace agreement. Even though it imposed a 30-day deadline for forming a new government, the February agreement contained no penalties for delay and the government has no practical way to pressure the Pathet Lao. The Communists, moreover, are guaranteed half the seats in a new government and control of approximately to thirds of the country, and they are spared the pressure of US bombing.

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